

STATE OF IOWA  
PROPERTY ASSESSMENT APPEAL BOARD

**Country Terrace MHP, LLC,**  
Appellant,

**v.**

**Black Hawk County Board of Review,**  
Appellee.

**ORDER**

**Docket No. 13-07-0875**  
**Parcel No. 8814-02-101-027**

On June 17, 2014, the above-captioned appeal came on for hearing before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. Carla Higgins, a tax representative with Meritax, LLC, represented Country Terrace MHP, LLC. Assistant County Attorney David Mason represented the Black Hawk County Board of Review. The Appeal Board, having reviewed the record, heard the testimony, and being fully advised, finds:

***Findings of Fact***

Country Terrace MHP, LLC, is the owner of a commercially classified property located at 906 W Ridgeway Avenue, Cedar Falls, Iowa. The subject property is a manufactured home park. It has 325 spaces, of which 22 are for campers. There is a 2464-square-foot clubhouse and a 1748-square-foot metal warehouse. The park also has two basketball courts, a shuffleboard court, 2925 square feet of paved parking, and a 352-square-foot garage. All of the improvements on the 46.96 acre site were built between 1968 and 2007.

Country Terrace protested to the Board of Review regarding the property's 2013 assessment of \$4,280,360, allocated as \$2,817,600 in land value and \$1,462,760 in improvement value. It claimed the assessment was not equitable compared to other like properties and that the property was assessed

for more than the value authorized by law under Iowa Code sections 441.37(1)(a)(1) and (2). It asserted the correct total value was \$2,300,000. The Board of Review denied the claim.

Country Terrace then appealed to this Board re-asserting only its claim of inequity; and this Board will only address that claim.

Country Terrace submitted an “Analysis of Comparable Assessments” completed by Richard Correll of Correll Commercial Real Estate Services, Indianapolis, Indiana. Correll examined four properties’ assessments and compared them to the subject property’s assessment. Two of the properties were located outside of Black Hawk County. Because Iowa law requires equity comparables be located within the same taxing jurisdiction, we do not consider these two properties as equity comparables.

The two remaining properties are East Gate Estates MHP and Cedar Falls, MHP. Correll believed East Gate Estates had 368 pads and 66 acres. (Exhibit 1 p. 9). However, the Board of Review indicates this property has only 157 pads and 38 acres. (Exhibit A). It appears that Correll incorrectly included a separately parceled mobile home community, known as Woodland Terrace, as part of the East Gate Estates complex. The following chart compares the actual assessment, number of pads, and sites sizes of East Gate Estates and Cedar Falls to the subject property’s assessment.

Property	Total AV	Land AV	Improvement AV	Site Size (Acres)	Number of Pads	Total AV/Pads
Subject	\$4,280,360	\$2,817,600	\$1,462,760	46.96	325.00	\$13,170
East Gate Estates	\$1,729,520	\$935,000	\$794,520	38.00	157.00	\$11,016
Cedar Falls	\$1,713,830	\$1,466,400	\$247,430	30.16	173.00	\$9,907

Essentially, Correll’s analysis was simply a calculation of the assessed value per pad in each park. Correll stated he did not make any adjustments for differences between the two properties and the subject. He admits he did not analyze the income of any of the properties, or the quality, construction, and condition of the improvements on the sites because he asserts these factors are not

relevant in an equity analysis. Rather, he believes the raw assessments between the properties “did not have continuity.”

The Board of Review submitted a written analysis of East Gate Estates and Cedar Falls completed by County Assessor TJ Koenigsfeld. Koenigsfeld also testified at hearing that the primary differences between East Gate Estates and Cedar Falls Parks compared to the subject property were the land assessments, which have site improvements and conditions such as private versus public sewer and water systems, or waterways on the sites that reduce those properties’ assessments. Additionally, differences in locations affect the valuations.

Koenigsfeld was critical of Correll’s use of the East Gate Estates Park as an equity comparable because of its location. He noted that during a revaluation in 2011 the Assessor’s Office found that manufactured home parks’ land on the east side of Waterloo was determined to have less value than the land values on the west side of Waterloo and Cedar Falls. (Exhibit A). Further, Koenigsfeld noted that fifteen acres of the East Gate Estates Park received a downward adjustment in value due to having a waterway that renders that portion of the site as unbuildable. (Exhibit A). Correll contended that, contrary to Koenigsfeld’s opinion, the waterway was a benefit to the site because it effectively creates a “greenbelt” for some of the homes in the Park. However, Correll previously admitted he conducted no analysis of the comparable properties to the subject property.

Regarding Cedar Falls Park, Koenigsfeld noted it has an incomplete office building, which only has a partial value assigned to it. Koenigsfeld also testified regarding this property’s private sewer and water sources. He noted the owner of Cedar Falls protested to the Board of Review and provided paperwork showing a large lagoon area required for the septic system, which the owner felt was a detriment to the value of the property due to the cost of maintaining the system. Correll was also critical of a downward adjustment for this factor. Correll contends that public systems are not automatically superior to private systems, and in his experience, “many districts” have higher public

water and sewer rates that would be passed along to the tenants. Despite these assertions, Correll admitted he had not done any analysis regarding the rents or the effects on rents for parks with private versus public sewer and water systems. Nor had he completed any study of the costs of maintaining either system or the resulting impact on value.

Examining the two equity properties Country Terrace submitted we find they are not reasonably comparable to the subject property as most notably both are half of the size of the subject. Both properties he considered have between 152 and 168 *fewer* pads than the subject, have locational differences that appear to affect value, and have different amenities and improvements.

We also note the Board of Review provided a spreadsheet of all the mobile home parks in Black Hawk County. (Exhibit A). While it is clear some of the parks are not comparable based on the number of pads or site size, looking at only the parks with a pad count within fifty units of the subject, the assessed value per pad site ranges from \$13,170 to \$16,397, with the subject property setting the low end of this range.

### ***Conclusion of Law***

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct.

§ 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin Cnty. Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value.

§ 441.21(1)(b). However, foreclosures and lender sales are not considered normal transactions and require adjustments to be used as comparable sales. § 441.21(1)(b). If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered.

§ 441.21(2). The property's assessed value shall be one hundred percent of its actual value.

§ 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

"(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination."

*Id.* at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires

assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

Country Terrace's "Analysis of Comparable Assessments" fails to present comparable properties for an equity analysis. The record indicates there are significant differences between the properties Correll selected and the subject property; specifically the differences in the number of pads, as well as the quality, condition, and amount of improvements on the sites.

The Board of Review also provided a list of all the manufactured home parks in Black Hawk County. From the list, it would appear that Correll selectively chose properties that were at the lower end of the manufacture home parks that had 100 or more pads. While we recognize simply comparing the per-pad assessed values is not the correct method of demonstrating an inequitable assessment, in this case, a comparison of parks with similar number of pads suggests the subject property appears to be equitably assessed.

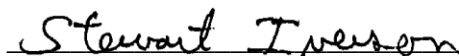
Based upon the foregoing, Country Terrace's evidence did not establish inequity in the assessment.

THE APPEAL BOARD ORDERS the 2013 assessment of the property located at 906 W Ridgeway Avenue, Cedar Falls, Iowa, is affirmed.

Dated this 17th day of July 2014.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair

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